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C O N F I D E N T I A L CARACAS 000191

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SUBJECT: Water - Yet Another Venezuelan Shortage

REF: 09 CARACAS 1367

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REASON: 1.4(B), (D)

11. (C) SUMMARY: Despite Venezuelan President Hugo Chavez's claims that low water levels are due to the El Niño weather phenomenon, a lack of investment in water infrastructure by the Government of the Bolivarian Republic of Venezuela (GBRV) has intensified water shortages. Due to the low water levels at the reservoirs that supply Caracas, a water rationing program was implemented in November 2009. Water levels, however, remain low and are reaching increasingly critical levels. High water usage in Venezuela and a lack of viable water source alternatives for Caracas exacerbate the shortage as does dilapidated infrastructure. The working class sector is the most affected by the rationing which may yet worsen in 2010 - not an ideal situation for a government facing September elections. End Summary.

#### Low Water Levels at Caracas' Reservoirs

12. (SBU) Water levels at the three main reservoirs supplying Caracas are at historically low levels and rationing has been in place since November 2009. The largest reservoir, Camatagua, supplies around 50% of Caracas' water supply. Statistics from the Ministry of the Environment show that, of the reservoir's 1.5 billion cubic meter useable capacity, water levels are currently hovering at 650 million cubic meters - less than half its norm (and half its 5-year average). Historically, the spring is marked by a steep decline in water levels that lasts until August when reservoirs are replenished during the rainy season. However, Camatagua's water levels have been declining over the last four years. Alejandro Hatcher, the newly named Minister of the Environment, has publicly acknowledged that water from the Lagartijo Reservoir, a second smaller reservoir that also supplies Caracas, cannot be pumped because of low water levels. This eliminates 13% of Caracas' water supply. Taguaza, the third reservoir supplying Caracas, is also experiencing low water levels, but its level has not yet sunk to a level considered to be abnormal.

#### Out-dated Infrastructure and Maintenance Failures Increasingly Complicate Water Supply

13. (C) Caracas' water distribution system is complex due to its distance from its water sources and the elevation of the city. According to Hidrocapital, the company in charge of water distribution for the Caracas metropolitan area, the Camatagua reservoir is located 100 kilometers from the capital so distance alone is a challenge. Due to Caracas' higher altitude, water from Camatagua must be elevated 650 meters to reach the capital. (NOTE: Caracas is located 900 meters above sea level and Camatagua is situated 250 meters above sea level. End Note) The city's water

distribution system thus includes 146 pump stations which require around 500 megawatts of electricity, a further challenge in light of the current electricity crisis.

¶4. (C) The 3,000 kilometers of water pipeline in the Caracas distribution system have not been sufficiently maintained which results in substantial water loss. Press reports claim that 30-40% of water is lost in extensive leakages throughout the system. Professor Mario Dubois of the University of Central Venezuela has publicly asserted that each year the country should be renovating 2% of its water pipelines to ensure a complete overhaul every 50 years, but that the country is far from meeting this goal.

¶5. (C) Investment in water infrastructure has moreover declined significantly in the last ten years in spite of a growing population. According to World Bank data, Venezuela has a population of 28 million people and a growth rate of 1.6% (2008). The construction of Caracas' Cuira reservoir and its system, which was planned by previous administrations, was started in 1999 and is still incomplete. No large reservoirs have been built since 1999.

#### Subsidized Prices Lead to Wasteful Usage

¶6. (SBU) Venezuela has a high rate of water consumption fueled by artificially low prices. GBRV subsidies keep rates at around USD 0.10 (at official exchange rate USD:4.3 bolivares) per cubic meter

of water consumed. (NOTE: The U.S. Environmental Protection Agency estimated the average water tariff in the United States in 2000 at \$0.72 per cubic meter. End Note)

#### Rationing Effects on Disproportionately Affects Working Class

¶7. (SBU) When water rationing was first implemented in Caracas in November 2009 - a program that consists of shutting off water for two days a week in each neighborhood (reftel) - the local press was filled with human interest stories of the hardship many working class people face in obtaining water. Such stories have continued and on January 21, 2010, daily El Nacional pointed to the inconsistency of the water rationing with some neighborhoods in lower altitudes having less rationing while others are faced with up to four consecutive days of rationing. More affluent residents of Caracas tend not to feel the rationing since many apartment buildings in middle class and upscale areas have large cisterns that are used on rationing days.

¶8. (C) COMMENT: Following historic trends, the water levels in the Camatagua and Lagartijo reservoirs will probably continue to decline until late summer while the Taguaza reservoir will begin to decline in March. This may lead to further water rationing and would make life more difficult for the working class. Water rationing will also further accelerate deterioration in the pipelines, which are designed for constant water pressure. The wild card in the supply of water is the potential impact of lengthy blackouts on pumping stations if water levels at the Guri hydroelectric complex fall below critical levels. Water shortages have so far disproportionately affected the lower, traditionally more pro-Chavez, economic strata of the population. End Comment  
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